



## **Neighborhood Preservation Act Tax Credit Program Frequently Asked Questions Concerning Tax Credits**

**Q: What is a state tax credit?**

A: It is a dollar-for-dollar reduction/elimination of an entity's state tax liability, as opposed to a tax deduction.

**Q: When would a Neighborhood Preservation Act tax credit be issued?**

A: The tax credit is issued at the completion of the project with approval from the Department of Economic Development.

**Q: Once the tax credit is issued, for what period of time can it be used?**

A: The tax credit must first be claimed in the year that it was issued. Then, you have the option to use the 3 year carry back feature or the 5 year carry forward.

**Q: What are the options associated with receiving a Neighborhood Preservation Act tax credit?**

A: Upon approval from the Department of Economic Development, the tax credit recipient can choose to use the credit against their tax liability or sell/transfer the credit to another person/entity.

**Q: How do you claim the credit on their state tax return?**

A: You must fill out a MO-TC for available by request from the Department of Revenue by calling (573) 751-3505 or accessing the website at <http://dor.state.mo.us/tax/>

**Q: What is required to sell/transfer the tax credit?**

A: You must complete the MO-TF transfer form, available by request from the Department of Economic Development by calling (573) 522-8004, or accessing it online at <http://www.ded.state.mo.us/communities/communitydevelopment/npa/application.shtml>.

**Q: Is the tax credit refundable?**

A: No, hence the sellable/transferable option. However, if a person/entity chooses to apply the credit to a previous tax year's return the portion paid to the state may be returned upon filing of an amended return.